



Department of Education, Sabaragamuwa/weekly school

week- December 4

Subject-Accounting

Grade-13

Prepared by -
Zonal Education Office, Rathnapura.

Competency 13.0 – Presents information required for management to decision making by analyzing and interpreting financial statements using ratios.

Competency Level 13.3 – Calculating and interprets Leverage Ratios.

- Explains the objectives of calculating leverage ratio.
- Following extracts of statement of financial position is of Rohin's business

	03.31.2016	03.31.2017
	(Rs.'000)	(Rs.'000)
Stated Capital Ordinary Shares ar Rs. 25/-	20 000	24 000
General Reserves	4 000	6 000
Revaluation Reserves for PPE	5 000	9 000
Retained Earnings	11 000	6 000
12% Bank Loan	20 000	20 000
10% Mortgage loan (4 years)	5 000	2 000
Current liabilities	12 000	15 000

Profit before tax is 10% from equity

Calculate the following ratios

- Debt equity ratio
- Debt ratio
- Interest Coverage ratio
- Present your opening on long term financial stability of this business.

